

UPPER CUMBERLAND HUMAN RESOURCE AGENCY

AUDITED FINANCIAL STATEMENTS

FOR YEAR ENDED JUNE 30, 2011

**AUDIT REPORT
UPPER CUMBERLAND HUMAN RESOURCE AGENCY
FOR THE YEAR ENDED JUNE 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Upper Cumberland Human Resource Agency, Inc.
Cookeville, Tennessee

We have audited the financial statements of the governmental activities, business-type activities, general fund, special revenue fund, and major enterprise fund, which collectively comprise the basic financial statements of the Upper Cumberland Human Resource Agency, Inc. (UCHRA) as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the UCHRA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of UCHRA as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2011, on our consideration of UCHRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the UCHRA's basic financial statements. The introductory section, and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of UCHRA. The schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Craine, Thompson + Jones P.C.

November 11, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Section of Upper Cumberland Human Resource Agency's annual financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year that ended on June 30, 2011. The Agency's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The Agency's assets exceed its liabilities by \$21,278.78 at year-end June 30, 2011. This compares to the previous year when assets exceeded liabilities by \$62,406.19.
- Net assets consist of the following:
 - 1) Capital assets, net of accumulated depreciation, decreased by \$185,433.39 from \$3,470,044.36 in 2010 to \$3,284,610.97 in 2011.
 - 2) Cash decreased by \$321,894.23 from \$1,127,698.71 in 2010 to \$805,804.48 in 2011.
 - 3) Receivables decreased by \$180,332.79 from \$2,991,612.12 in 2010 to \$2,811,279.33 in 2011.
 - 4) Prepaid expenses increased by \$83.52 from \$6,432.99 in 2010 to \$6,516.51 in 2011.
 - 5) Inventories increased by \$12,204.01 from \$32,546.87 in 2010 to \$50,750.88 in 2011.
- The Agency's governmental funds reported a total ending fund balance of \$21,278.78 for the year ended June 30, 2011. This compares to the prior year fund balance of \$62,406.19 a decrease of \$41,127.41. Of the fund balance, \$21,278.78 is restricted for the Nutrition program.
- Total liabilities for the agency decreased by \$448,812.07 from \$4,102,484.49 in 2010 to \$3,653,672.42 in 2011.
- There was an decrease in reported revenues of \$382,915.06 from \$30,881,146.39 in 2010 to \$30,498,231.33 in 2011.
- There was decrease of \$160,219.77 in expenditures from \$30,996,167.09 in 2010 to \$30,885,947.32 in 2011.

Proprietary Funds

- The Agency liabilities exceed its assets by \$225,807.88 for the fiscal year reported. This compares to the previous year when liabilities exceeded assets by \$245,516.73.
- Net assets consist of the following:
 - 1) Capital assets, net of accumulated depreciation, decreased by \$154,810.39 from \$1,633,784.85 in 2010 to \$1,478,974.46 in 2011.

- 2) There was no increase/decrease in cash. The balance in 2010 was \$1,000.00 and the balance in 2011 was \$1,000.00.
- 3) Receivables increased by \$34,655.59 from \$12,960.10 in 2010 to \$47,615.69 in 2011.
- The Agency's proprietary fund reported net assets of (\$225,807.88) for the year ended June 30, 2011. This compares to the prior year net assets of (\$245,516.73), showing an increase of \$19,708.85.
- Total liabilities of the Agency's proprietary fund decreased \$139,545.66 from \$1,895,360.35 to \$1,755,814.69 for the year ended June 30, 2011.
- The proprietary fund revenues (rental and sales) increased from \$479,937.57 to \$608,997.69.
- The proprietary fund's expenses decreased due to the agency implementing new procedures to cut cost in these hard economic times.

OVERVIEW OF FINANCIAL STATEMENTS

Managements Discussion and Analysis introduces the Agency's basic financial statements. The basic financial statements include: government wide financial statements; fund financial statements; and notes to the financial statements. The Agency also includes in this report additional information to supplement the financial statements.

Government-wide Financial Statements

The Agency's annual report includes three government-wide financial statements; the Statement of Net Assets, Balance Sheet, and the Statement of Activities. These statements report, on an accrual basis, all assets and liabilities and the changes in them.

The first of these government-wide financial statements is the Statement of Net Assets. This is the Agency-wide statement of financial position presenting information that includes all of the Agency's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating. Evaluation of the overall health of the Agency would extend to other non-financial factors in addition to the financial information provided in this report.

The second government-wide financial statement is the Statement of Activities, which reports how the Agency's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Agency's distinct activities or functions on revenues provided by the Agency's local governments and grantors.

The third government wide financial statement is the Combined Balance Sheet reports how the Agency's assets, liabilities, and fund balances have changed through out the year.

The government-wide financial statements are designed to distinguish between governmental activities supported mostly by grants and assessments and business-type activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Agency uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Agency's funds rather than the Agency as a whole. The agency uses two types of funds: Governmental funds and Proprietary funds. Governmental funds are reported in two fund categories, General Fund and Special Revenue Fund. The general fund is the chief operating fund of the agency, the special revenue fund accounts for grants. The proprietary fund accounts for the operation of the Lakeside Resort and Educational Complex.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Agency's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of the short-term financing decisions. Both the governmental balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Proprietary funds account for fees charged to customers for rentals and services. Proprietary funds, like the government wide statements, provide both long-term and short-term financial information. The proprietary fund works similar to a business but provides more detail and additional information such as cash flows.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. They provide explanation of the financial statements and provide more detailed data.

Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

Financial Analysis of the Agency as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Agency as a whole.

The Agency's net assets decreased \$373,968.61 during the fiscal year from \$3,219,686.50 in 2010 to \$2,845,717.89 in 2011.

Since the Upper Cumberland Human Resource Agency continues to derive the vast majority of its funding from the State and Federal governments, and those funds appear to be stable at the present time, the overall financial outlook of the Agency can be characterized as "good." Despite that fact, UCHRA continues to seek and implement cost control measures as funding from those sources does not always increase on an annual basis in keeping up with the rate of inflation (i.e., labor, employee benefit, and other operating costs).

For additional information to changes in assets see note 4 of the financial statements.

Financial Analysis of the Agency's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of expendable resources focus. This information is useful in assessing resources available at year-end in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$21,278.78. Of this year-end total, zero is unreserved, indicating availability for continuing Agency requirements.

Proprietary Funds

As discussed, proprietary funds are reported on an "economic resources" measurement focus. Proprietary funds reported a total ending retained earnings of (\$225,807.88) at June 30, 2011. The Upper Cumberland Human Resource Agency has developed plans and secured funding to expand services provided through its proprietary operations. Additional revenues derived from these increased services should be sufficient in the short-term to reduce the negative cash flow of the proprietary operations and in the long-term to make those operations income-producing endeavors.

Capital Assets and Debt Administration

Capital Assets

The Agency's capital assets \$10,713,816.20 net of accumulated depreciation (\$5,950,230.77) amounted to \$4,763,585.43 as compared to \$5,103,829.22 (net of depreciation) at June 30, 2010. There were capital outlays of \$844,178.07 and deletions of \$771,321.46 during the period ending June 30, 2011. Depreciation in the current period was \$1,004,311.46. Additions to capital leases were \$219,448.58, and debt repayments of \$123,681.38, which resulted in a principal balance of \$305,555.29.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Upper Cumberland Human Resource Agency is a hybrid organization. First, UCHRA is a governmental entity, having been created by the "Human Resource Act" enacted in 1973 by the Tennessee General Assembly. Then, in 2002 the Agency was granted 501 (c) (3) status by the Internal Revenue Service. UCHRA contracts primarily with the State of Tennessee, and to a lesser degree directly with the Federal government, to administer certain programs on their behalf. However, in excess of ninety percent (90%) of the funds contracted to UCHRA through the State are federal funds. To the extent that economic factors affect the Federal and State governments, UCHRA's contracts and funding may be positively or negatively impacted.

From one perspective the outlook for UCHRA should be positive. Due to the still struggling economy and high unemployment there are many low-income individuals and households in the Upper Cumberland area who are in need of services. UCHRA provides: employment and training, in-home services (e.g., homemaker and personal care), nutrition in the form of congregate and home delivered meals, as well as food vouchers for emergency situations, energy assistance in paying utility bills and having their homes weatherized so precious energy dollars are not escaping through cracks and crevices, and emergency assistance in making rent or mortgage payments.

The 2012 United States federal budget to fund government operations for the fiscal year 2012, which is October 1, 2011 – September 30, 2012, is the subject of a spending request by President Barack Obama, while the Republican-held House of Representatives, coming off a major victory in the 2010 Congressional elections associated with the Tea Party movement, announced a competing plan for the 2012 budget. The budget plans are intended to focus on deficit reduction, but differ in their changes to taxation, entitlement programs, defense spending, and research funding.

Since approximately 90% of UCHRA's funds are federal, herein lies the basis of the Agency's funding concerns for the coming year. The 2011 federal budget, enacted April 15, 2011 as the Department of Defense and Full-Year Continuing Appropriations Act, 2011, began to lay the groundwork for reductions in discretionary spending, as funding for UCHRA's Workforce Investment Act (WIA) programs were reduced by 25%. Other federal discretionary programs administered by UCHRA, including Community Services Block Grant (CSBG), Low-Income Home Energy Assistance Program (LIHEAP), and Weatherization Assistance Program (WAP), among others, also experienced reductions, though not as dramatic as those of WIA.

The stage is set in the 2012 budget battle for trying to maintain funding for some of UCHRA's current programs, as particularly the House of Representative, is poised to drastically reduce, and even eliminate funding, for some. Surprising to many in the community services network, President Obama called for virtually gutting the Community Services Block Grant program in his fiscal year 2012 budget. In addition to this development the House passed FY 2012 Budget that would be devastating to Labor-HHS and Education Programs.

On November 18, 2011, the first appropriations bill was enacted, the Consolidated and Further Continuing Appropriations Act, 2012. It included funding for Agriculture, Commerce/Justice/Science (CJS), and Transportation/Housing and Urban Development (THUD), as well as a continuing resolution providing funding for other departments until December 16, 2011. Nine further appropriations bills remain to be passed.

The passing of the Transportation/Housing and Urban Development conference report appears to be a bright spot for UCHRA's FY 2012 funding. The report provides a total of \$10.6 billion in FY 2012 funding for the Federal Transit Administration (FTA), a 3 percent increase over FY 2011 funding levels. On the other hand, on the State level TennCare has proposed an approximate 10% decrease in transportation reimbursement funds for FY 2012.

Funding appears to be fairly stable for other UCHRA programs that operate primarily with State funding, and/or on a fee-for-service basis, including Adult Community Corrections, Community Intervention for Juvenile Offenders, and Residential Services. The In-home Services Programs, that include CHOICES (Medicaid Waiver) and Options for Community Living, have been reorganized and are currently operating in the black.

In the final analysis, the outlook for the Upper Cumberland Human Resource Agency's FY 2012 budget and programs, both directly and indirectly, rests primarily in the hands of Congress and, to a lesser degree, the Tennessee State Legislature. Significant funding reductions for UCHRA would hamper its ability to advance toward its ultimate goal of moving people from dependency to independency. One on-going alternative being pursued by UCHRA is seeking funding from non-governmental sources, such as foundations, charities, and local organizations. The agency employs a grant writer who searches for, prepares, and submits grant applications to both governmental and non-governmental sources.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances, comply with finance-related laws and regulations and demonstrate the Agency's commitment to public accountability. If you have any questions about this report or would like additional information, contact the Agency's Executive Director at 580 South Jefferson Avenue, Suite B, Cookeville, TN 38501.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
STATEMENT OF NET ASSETS - AGENCY WIDE
JUNE 30, 2011

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 806,404.48	\$ 1,000.00	\$ 807,404.48
Accounts receivable	2,811,279.33	47,615.69	2,858,895.02
Prepaid expenditures	6,516.51		6,516.51
Inventories	50,750.88	2,416.66	53,167.54
Capital assets:			
Land	250,600.00		250,600.00
Buildings	286,203.85		286,203.85
Less: accumulated depreciation	(145,201.95)		(145,201.95)
Furniture and equipment	1,663,263.84	326,116.62	1,989,380.46
Less: accumulated depreciation	(1,185,103.46)	(319,053.27)	(1,504,156.73)
Vehicles	5,446,665.38	16,127.00	5,462,792.38
Less: accumulated depreciation	(3,031,816.69)	(15,857.00)	(3,047,673.69)
Leasehold improvements		2,724,839.52	2,724,839.52
Less: accumulated depreciation		(1,253,198.41)	(1,253,198.41)
Total capital assets, net of depreciation	3,284,610.97	1,478,974.46	4,763,585.43
Total assets	\$ 6,959,562.17	\$ 1,530,006.81	\$ 8,489,568.98
LIABILITIES			
Amounts due within one year:			
Accounts payable	\$ 466,064.35	\$ 35,134.53	\$ 501,198.88
Loan payable	-	60,872.07	60,872.07
Interest Payable	-	52,829.99	52,829.99
Assets held in custody for others	538,429.81	-	538,429.81
Capital lease payable	80,280.40	71,194.31	151,474.71
Accrued payroll taxes	482,960.58	3,597.39	486,557.97
Grantor payables	52,359.67	-	52,359.67
Amounts due in excess of one year:			
Loan payable	-	1,532,186.40	1,532,186.40
Capital lease payable	154,083.58	-	154,083.58
Accounts payable - Line of credit	2,113,858.01	-	2,113,858.01
Total liabilities	3,888,036.40	1,755,814.69	5,643,851.09
NET ASSETS			
Investment in capital assets, net of related debt	3,050,246.99	(185,278.32)	2,864,968.67
Unrestricted net assets	-	(40,529.56)	(40,529.56)
Restricted net assets (Note 10)	21,278.78	-	21,278.78
Total net assets	\$ 3,071,525.77	\$ (225,807.88)	\$ 2,845,717.89

See accompanying Notes to the Financial Statements

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
STATEMENT OF ACTIVITIES - AGENCY WIDE
JUNE 30, 2011

Function/Programs	Net (Expenses) Revenues and Changes in Net Assets									
	Primary Government									
	Expenses		Program Revenues			Governmental Activities		Business-type Activities		Total
	Direct	Indirect	Charges for Services	Operating Grants	Capital Grants	Local and Donations				
Primary government										
Governmental activities	\$ 1,254,806.42	\$ (1,900,459.17)	\$ 635,244.52	\$ -	\$ -	\$ 322,925.98	\$ (296,635.92)	\$ -	\$ (296,635.92)	\$ 1,801.33
Agency operations and administration	6,199,144.33	20,792.71	-	6,209,136.27	-	12,602.10	1,801.33	-	1,801.33	173,535.27
LIHEAP programs	6,708,953.32	663,292.33	3,344,349.81	3,447,224.47	602,691.14	151,515.50	173,535.27	-	173,535.27	(77.69)
Transportation programs	3,024,909.27	271,325.40	-	3,296,156.98	-	-	(77.69)	-	(77.69)	(14,153.00)
WIA programs	2,879,022.37	35,271.36	-	2,900,140.73	-	-	(14,153.00)	-	(14,153.00)	(43,272.80)
Weatherization programs	1,856,436.78	141,904.44	530,943.41	1,292,403.98	-	131,721.03	(43,272.80)	-	(43,272.80)	(64,397.09)
Nutrition programs	2,037,045.08	273,735.49	-	2,070,181.78	-	176,201.70	(64,397.09)	-	(64,397.09)	(150,477.56)
Residential programs	5,138,686.64	463,722.85	1,068,164.74	4,328,118.99	-	55,648.20	(150,477.56)	-	(150,477.56)	(393,677.46)
Other community services programs	29,099,004.21	(30,414.59)	5,578,702.48	23,543,363.20	602,691.14	850,614.51	(393,677.46)	-	(393,677.46)	
Total governmental activities										
Business type activities										
Lakeside resort and educational activities	794,077.51	30,414.59	608,997.69	-	-	235,203.26	-	19,708.85	19,708.85	(373,968.61)
Total agency activities	\$ 29,893,081.72	\$ -	\$ 6,187,700.17	\$ 23,543,363.20	\$ 602,691.14	\$ 1,085,817.77	\$ (393,677.46)	\$ 19,708.85	\$ (373,968.61)	
Change in net assets							(393,677.46)	19,708.85	(373,968.61)	
Net assets - beginning							3,465,203.23	(245,516.73)	3,219,686.50	
Net assets - ending							\$ 3,071,525.77	\$ (225,807.88)	\$ 2,845,717.89	

See accompanying Notes to the Financial Statements

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>TOTALS</u>
ASSETS			
Cash:			
Cash on hand	\$ -	\$ 600.00	\$ 600.00
Cash in bank - checking (Note 3)	805,804.48	-	805,804.48
Total cash	<u>805,804.48</u>	<u>600.00</u>	<u>806,404.48</u>
Accounts receivable:			
Due from grantors	-	2,371,879.82	2,371,879.82
Due from USDA	-	22,815.04	22,815.04
Other receivables	63,067.18	353,517.29	416,584.47
Total accounts receivable	<u>63,067.18</u>	<u>2,748,212.15</u>	<u>2,811,279.33</u>
Prepaid expenditures	<u>6,516.51</u>	<u>-</u>	<u>6,516.51</u>
Inventories	<u>-</u>	<u>50,750.88</u>	<u>50,750.88</u>
Total Assets	<u>\$ 875,388.17</u>	<u>\$ 2,799,563.03</u>	<u>\$ 3,674,951.20</u>
LIABILITIES AND FUND EQUITY			
Short-term Liabilities:			
Accounts payable	\$ 58,116.95	\$ 407,947.40	\$ 466,064.35
Assets held in custody for others	536,724.97	1,704.84	538,429.81
Accrued payroll, taxes and withholdings	259,267.47	223,693.11	482,960.58
Unearned grantor revenue	-	52,359.67	52,359.67
Due to grantors	-	-	-
Total short-term liabilities	<u>854,109.39</u>	<u>685,705.02</u>	<u>1,539,814.41</u>
Long-term Liabilities:			
Accounts payable - line of credit (Note 7)	<u>-</u>	<u>2,113,858.01</u>	<u>2,113,858.01</u>
Total Liabilities	<u>854,109.39</u>	<u>2,799,563.03</u>	<u>3,653,672.42</u>
Fund balance:			
Reserved fund balance (Note 10)	21,278.78	-	21,278.78
Unreserved fund balance	-	-	0.00
Total fund balance	<u>21,278.78</u>	<u>-</u>	<u>21,278.78</u>
Total liabilities and fund balances	<u>\$ 875,388.17</u>	<u>\$ 2,799,563.03</u>	<u>\$ 3,674,951.20</u>

See accompanying Notes to the Financial Statements

**UPPER CUMBERLAND HUMAN RESOURCE AGENCY
RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE BALANCE SHEET
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

Net assets of governmental activities **\$ 3,071,525.77**

**Amounts reported for governmental activities in the
statement of net assets are different because:**

**Capital assets of \$7,646,733.07 net of accumulated
depreciation of (\$4,362,122.10) and related debt of
(\$234,363.98) are not financial resources and,
therefore, are not reported in the funds. See Note 4
for additional detail.**

(3,050,246.99)

Total fund balance - total governmental funds **\$ 21,278.78**

See accompanying Notes to the Financial Statements

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Fund
REVENUES			
Grantor contributions	\$ -	\$ 24,019,858.32	\$ 24,019,858.32
Fees for service	-	518,662.92	518,662.92
State and local contributions	322,925.98	450,548.53	773,474.51
USDA reimbursements	-	126,196.02	126,196.02
Contracted revenue	427,440.00	4,131,723.97	4,559,163.97
Program income	207,804.52	293,071.07	500,875.59
Total revenues	<u>958,170.50</u>	<u>29,540,060.83</u>	<u>30,498,231.33</u>
EXPENDITURES			
Current:			
General government	1,116,342.57	-	1,116,342.57
LIHEAP programs		6,219,937.04	6,219,937.04
Transportation programs		6,619,945.11	6,619,945.11
WIA programs		3,293,876.46	3,293,876.46
Weatherization program		2,912,365.95	2,912,365.95
Nutrition programs		1,947,376.44	1,947,376.44
Residential programs		2,260,415.15	2,260,415.15
Other community services programs		5,560,171.86	5,560,171.86
Total current expenditures	<u>1,116,342.57</u>	<u>28,814,088.01</u>	<u>29,930,430.58</u>
Capital outlays	142,690.37	697,987.70	840,678.07
Debt services:			
Principal retirement	35,278.43	17,053.50	52,331.93
Interest expense	7,920.71	4,586.03	12,506.74
Total expenditures	<u>1,302,232.08</u>	<u>29,533,715.24</u>	<u>30,835,947.32</u>
Excess of revenues over/(under) expenditures	<u>(344,061.58)</u>	<u>6,345.59</u>	<u>(337,715.99)</u>
OTHER FINANCING SOURCES (USES)			
Disposition of capital assets	-	77,140.00	77,140.00
Transfer to unreserved fund balance	83,485.59	(83,485.59)	-
Proceeds from new debt issued	219,448.58	-	219,448.58
Total other financial sources (uses)	<u>302,934.17</u>	<u>(6,345.59)</u>	<u>296,588.58</u>
Net change in fund balance	<u>(41,127.41)</u>	<u>-</u>	<u>(41,127.41)</u>
Fund balance, beginning of year	62,406.19	-	62,406.19
Fund balance, end of year	<u>\$ 21,278.78</u>	<u>\$ -</u>	<u>\$ 21,278.78</u>

See accompanying Notes to the Financial Statements.

**UPPER CUMBERLAND HUMAN RESOURCE AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balance - total governmental funds **\$ (41,127.41)**

**Amounts reported for governmental activities in the
statement of activities are different because:**

**Governmental funds reported capital outlays as expenditures;
however, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives and
recorded as depreciation expense. There were:**

Capital outlays	840,678.07
Depreciation expense in the current period	(1,004,311.46)
Capital asset disposal	(21,800.00)
Other capital asset adjustments	

**Repayment of capital leases is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets. There were debt
repayments of \$52,331.93 and an increase in principal of
\$219,448.58. The principal balance on June 30, is \$234,363.98.** **(167,116.65)**

Change in net assets of governmental activities	\$ <u>(393,677.45)</u>
--	-------------------------------

See accompanying Notes to the Financial Statements

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
BALANCE SHEET - PROPRIETARY FUND
June 30 2011

	<u>Enterprise Fund</u>
ASSETS	
Cash:	
Cash on hand	\$ 1,000.00
Cash in bank - checking (Note 3)	-
Total cash	<u>1,000.00</u>
Accounts receivable:	
Due from grantors	-
Due from USDA	-
Other receivables	47,615.69
Total accounts receivable	<u>47,615.69</u>
Prepaid expenditures	-
Inventories	<u>2,416.66</u>
Capital Assets	3,067,083.14
Less: Depreciation	<u>(1,588,108.68)</u>
Total Assets	<u>\$ 1,530,006.81</u>
LIABILITIES AND FUND EQUITY	
Current liabilities:	
Accounts payable	\$ 35,134.53
Accrued interest payable	52,829.99
Loans payable	60,872.07
Capital lease payable	71,194.31
Accrued payroll, taxes and withholdings	3,597.39
Long-term liabilities:	
Loans payable	1,532,186.40
Capital lease payable	-
Total liabilities	<u>1,755,814.69</u>
Fund equity:	
Investment in capital assets, net of related debt	(185,278.32)
Unrestricted net assets	<u>(40,529.56)</u>
Total fund equity	<u>(225,807.88)</u>
Net Assets	<u>\$ (225,807.88)</u>

See accompanying Notes to the Financial Statements

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Lakeside Resort and Educational Complex
OPERATING REVENUES	
Rental and sales	\$ 608,997.69
Total operating revenues	<u>608,997.69</u>
OPERATING EXPENSES	
Salaries	112,148.05
Fringe benefits	35,674.64
Contract Services	39,186.82
Professional services	20,238.56
Audit	1,172.06
Travel	-
Supplies	24,778.89
Equipment rental and leasing	1,472.90
Sales tax	60,753.19
Utilities	83,750.76
Telephone	27,780.65
Postage	1,154.31
Repairs and maintenance	59,072.72
Non-capital purchases	12,945.11
Raw food	5,288.07
Insurance	29,531.70
Dues and subscriptions	1,110.00
Training	604.03
Advertising	14,060.34
Vehicle operations	8,954.08
Printing	30.00
Bank Charges	8,800.29
Other	8,439.13
Depreciation	158,310.39
Indirect costs	30,414.59
Total operating expenses	<u>745,671.28</u>
Operating Income	(136,673.59)
Non-operating income:	
Insurance reimbursements	35,014.36
Local contributions and donations	200,188.90
Non-operating expenses:	
Interest	(78,820.82)
Net change in net assets for year	19,708.85
Net assets, beginning of year	(245,516.73)
Net assets, end of year	\$ <u><u>(225,807.88)</u></u>

See accompanying Notes to the Financial Statements

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Lakeside Resort and Educational Complex
Cash flows from operating activities:	
Cash received from customers	\$ 574,342.10
Cash received from local donations	235,203.26
Cash payments to employees	(147,826.85)
Cash payments for goods and services	(449,642.93)
Net cash provided by operating activities	<u>212,075.58</u>
Cash flows from noncapital financing activities:	
Proceeds from issuance of debt	-
Repayment of debt	(208,575.58)
Net cash from noncapital financing activities	<u>(208,575.58)</u>
Cash flows from capital and related financing activities:	
Disposition of fixed assets	-
Payments for capital acquisitions	(3,500.00)
Net cash from capital and related financing activities	<u>(3,500.00)</u>
Net increase in cash	<u>-</u>
Cash June 30, 2010	1,000.00
Cash June 30, 2011	<u>\$ 1,000.00</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (136,673.59)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	158,310.39
Local Contributions and donations	235,203.26
Change in assets and liabilities:	
(Increase) decrease in petty cash	-
(Increase) decrease in accounts receivable	(34,655.59)
(Increase) decrease in due from grantor	-
(Increase) decrease in inventories	(317.99)
Increase (decrease) in accounts payable	(7,849.85)
Increase (decrease) in interest payable	(1,936.89)
Increase (decrease) in deferred revenue	-
Increase (decrease) in accrued payroll	(4.16)
Net cash provided by operating activities	<u>\$ 212,075.58</u>

See accompanying Notes to the Financial Statements.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Upper Cumberland Human Resource Agency was established in 1973 in accordance with Title 13, Chapter 26, as amended, of Tennessee Code Annotated. This legislation provides a regional system to deliver human resource agency programs in the state's counties and cities. It is governed by a member governing board and a member policy council. The board consists of the county executives and mayors within the area served by the agency, one state senator and one state representative whose districts lie wholly or in part within the area served by the agency, and members appointed by the county executives - one from each county served by the agency. The policy council consists of two representatives from each county served and two legislators. For financial reporting purposes, the Upper Cumberland Human Resource Agency includes all fund types and account groups over which the Board of Directors is financially accountable.

Basis of Presentation

The accompanying statements of the Upper Cumberland Human Resource Agency have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

The government-wide financial statements (statement of net assets and statement of activities) display information about the primary government (the Agency). These statements include the financial activities of the overall government. Eliminations have been made to minimize double-counting of internal activities. Governmental activities generally are funded through federal and state grants, county and local government contributions, charitable contributions, intergovernmental revenues, and contract and program fees.

The statement of activities presents a comparison between the direct expenses and program revenues (charges for services, operating grants and contributions, and capital grants and contributions) for governmental programs.

This government-wide focus is more on the sustainability of the Agency as an entity and the changes in the Agency's net assets resulting from the current years' activities.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and the government-wide statement of net assets.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balance-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Fund Structure and Basis of Accounting

The accounts of the Agency are organized on the basis of funds. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. At year-end, the books are adjusted to the accrual basis of accounting.

The financial activities of the agency reported in the accompanying statements are classified into four fund categories and two accounting groups:

General Fund (the operating fund) - used to account for all resources not accounted for in another fund.

Special Revenue Fund (the grant fund) - used to account for resources received under cost-reimbursement grant agreements.

Proprietary Fund – used to account for financial activities for the Agency’s enterprise fund (Lakeside Resort and Educational Complex). The fund uses the accrual basis of accounting and the flow of all economic resources (measurement focus). The basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises and revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus the Agency applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements.

Government-Wide Financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present a summary of Governmental Activities for the Agency.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the Agency’s assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The types of transactions reported as program revenue for the Agency are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. The Agency allocates indirect costs based on salaries and fringe benefits.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payable, and receivables. All internal balances in the Statements of Net Assets and Balance Sheet have been eliminated.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Governmental Fund Financial Statements include a Statement of Net Assets, Balance Sheet, Statement of Activities, and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and the changes in net assets presented.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and modified accrual basis of accounting. Accordingly, only the current assets and current liabilities are included on the financial statements. The Statement of Revenue, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues are subject to accrual (90 days after year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are federal grants, state grants, local programs, contract revenue and program income. Expenditures are recorded in the accounting period in which the related liability is incurred. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

Proprietary Fund Financial Statements include a Statement of Net Assets, Balance Sheet, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows. The Proprietary Fund is used to account for financial activities for the Agency's enterprise fund (Lakeside Resort and Educational Complex). The fund uses the accrual basis of accounting and the flow of all economic resources (measurement focus). The basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises and revenues are recorded when earned and expenses are recorded when incurred. Operating revenues are resources generated from sales and services and non-operating resources are local donations. Under this basis of accounting and measurement focus the Agency applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements.

Interfund Transactions – Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. The Agency had interfund transfers of \$83,485.59 that represented revenues in excess of expenditures in the special revenue fund and was transferred to unrestricted fund balance. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in enterprise funds.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Inventories and Prepaid Items

Inventories for all governmental funds are valued at average cost. The consumption method is used to account for inventories. Under the consumption method, an expenditure is recognized when inventory is consumed.

Certain payments to the vendors reflect cost applicable to future accounting periods and are recorded as prepaid items.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments within a maturity of three months or less when purchased to be cash equivalents. At June 30, 2011, the agency had no cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CONTINGENCIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the agency expects such amounts, if any, to be immaterial.

The agency records the cost of sick leave when paid. Since sick leave (earned one day per month) is generally paid only when an employee is absent because of illness, injury, or related family illness, there is no liability for sick leave at June 30, 2011. The amount of unused sick leave was \$2,143,587.58 at June 30, 2011.

The agency's policies allow an employee who has been employed with the agency for twenty consecutive years and is 59½ to receive a payment of accumulated sick leave up to six months (based on the employee's current work hour status) and continuation of current medical insurance until the age of 65. The agency has completed an accrual study. The study's information follows:

**UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

FINANCIAL STATEMENT DISCLOSURE

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability. The Agency currently does not have a trust fund. The Agency is currently working on developing a trust agreement for these benefits:

1.) A BRIEF DESCRIPTION OF THE RETIREE MEDICAL INSURANCE PLANS:

- a. Plan Types: Medical Insurance through Blue Cross Blue Shield of Tennessee
- b. Eligibility
 - I) Employees must have 30 years of service or,
 - II) 20 years of service and 59.5 years of age.
 All benefits cease when employee is Medicare eligible.
- c. Benefit/Cost Sharing: Employer pays 75% of the medical premium.
- d. Spouse Benefit: Yes, until Medicare eligible or retiree is Medicare eligible.
- e. Surviving Spouse Benefit: None.
- f. Annual Premiums: Effective October 1, 2010.

Plan

INDIVIDUAL	\$ 5,212.68
FAMILY	\$14,268.24

2.) GASB 45 DISCLOSURE REQUIREMENTS - ESTIMATED

A. Annual OPEB Cost and Net OPEB Obligation:	<u>7/01/2010- 6/30/2011</u>	<u>7/01/2011- 6/30/2012</u>
1. Annual Required Contribution (ARC)	\$57,659	\$61,114
2. Interest on net OPEB Obligation	\$3,760	\$5,765
3. Adjustment to ARC	<u>(\$4,200)</u>	<u>(\$6,582)</u>
4. Annual OPEB Cost (Expense)	\$57,219	\$60,296
5. Contribution made (assumed middle of year)*	<u>(\$7,098)</u>	<u>(\$13,981)</u>
6. Increase in net OPEB Obligation	\$50,121	\$46,315
7. Net OPEB Obligation (beginning of year)	<u>\$93,998</u>	<u>\$144,120</u>
8. Net OPEB Obligation (end of year)	\$144,120	\$190,435

*Contribution made was assumed to equal Expected Benefit payments.

**UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

FINANCIAL STATEMENT DISCLOSURE (Cont.)

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2011/2012 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
6/30/2011	\$57,219	12.4%	\$144,120	\$6,356,194	0.9%
6/30/2012	\$60,296	23.2%	\$190,435	\$6,515,099	0.9%

B. Funded Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of 0 Payroll (AAL) ((b-a)/c)</u>
7/01/2008	\$ -	\$448,222	\$448,222	0.0%	\$6,166,237	7.3%
7/01/2010	\$ -	\$483,906	\$483,906	0.0%	\$6,356,194	7.6%

C. Methods and Assumptions

- Interest Rate	4.00%
- 2008 Medical Trend Rate	9.00%
- Ultimate Medical Trend Rate	5.00%
- Year Ultimate Medical Trend Rate Reached	2014
- Actuarial Cost Method	Entry Age Normal
- The remaining amortization period at 06/30/2011	27.16
- Annual Payroll Increase	2.50%

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3. DEPOSITS

State statutes require that the Agency's deposits be collateralized by securities held in the name of the Agency by the trust department of a bank that does not hold collateralized deposits. At June 30, 2011, the carrying amount of the Agency's deposits was 807,404.48, and the bank balance was \$1,066,860.39. The bank balance was covered by federal depository insurance or collateralized with securities held by the pledging financial institutions trust department or agent in the Agency's name.

NOTE 4. CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Property, plant, and equipment acquired for the proprietary fund is capitalized in the proprietary fund.

Buildings	40 yrs.
Leasehold Improvements	15/24 yrs.
Vehicles	5 yrs.
Office/Computer Equipment	5 yrs.

The following changes in general fixed assets occurred during the year ended June 30, 2011:

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

	Beginning Balance July 1, 2010	Adjustments	Additions	Deletions	Ending Balance June 30, 2011
<u>Government activities:</u>					
Capital assets not being depreciated:					
Land	\$ 240,600.00	\$ -	\$ 10,000.00	\$ -	\$ 250,600.00
Total capital assets not being depreciated	240,600.00	-	10,000.00	-	250,600.00
Capital assets being depreciated:					
Buildings	286,203.85	-	-	-	286,203.85
Equipment	515,156.23	-	154,400.07	(6,292.46)	1,663,263.84
Vehicles	5,535,416.38	-	676,278.00	(765,029.00)	5,446,665.38
Total capital assets being depreciated	7,336,776.46	-	830,678.07	(771,321.46)	7,396,133.07
Less accumulated depreciation for:					
Buildings	(138,046.85)	-	(7,155.10)	-	(145,201.95)
Equipment	(1,018,072.34)	-	(173,323.58)	6,292.46	(1,185,103.46)
Vehicles	(2,951,212.91)	-	(823,832.78)	743,229.00	(3,031,816.69)
Total accumulated depreciation	(4,107,332.10)	-	(1,004,311.46)	749,521.46	(4,362,122.10)
Total capital assets being depreciated, net	3,229,444.36	-	(173,633.39)	(21,800.00)	3,034,010.97
Government activity capital assets, net	3,470,044.36	-	(163,633.39)	(21,800.00)	3,284,610.97
<u>Proprietary activities:</u>					
Capital assets being depreciated:					
Leasehold improvements	2,640,386.02	-	-	-	2,640,386.02
Land improvements	84,453.50	-	-	-	84,453.50
Equipment	322,616.61	-	3,500.00	-	326,116.61
Vehicles	16,127.00	-	-	-	16,127.00
Total capital assets being depreciated	3,063,583.13	-	3,500.00	-	3,067,083.13
Less accumulated depreciation for:					
Leasehold improvements	(1,017,072.93)	-	(151,671.97)	-	(1,068,744.90)
Land improvements	(84,453.50)	-	-	-	(84,453.50)
Equipment	(315,639.85)	-	(3,413.42)	-	(319,053.27)
Vehicles	(12,632.00)	-	(3,225.00)	-	(15,857.00)
Total accumulated depreciation	(1,429,798.28)	-	(158,310.39)	-	(1,588,108.67)
Total capital assets being depreciated, net	1,633,784.85	-	-	-	1,478,974.46
Proprietary activity capital assets, net	1,633,784.85	-	(154,810.39)	-	1,478,974.46
Total capital assets, net of depreciation	\$ 5,103,829.21	\$ -	\$ (318,443.78)	\$ (21,800.00)	\$ 4,763,585.43

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

The assets listed above for Proprietary Funds reflect only specific leasehold improvements to the Lakeside Resort Project. The appraised value of the property is not included. The Lakeside Resort and Educational Complex was appraised by Norman Hall and Associates on July 28, 2004. The property being appraised consists of a 134 acre tract located along Center Hill Lake on the east side of State Highway 56 south of Hurricane Bridge in DeKalb County, Tennessee. Approximately ten acres of property is being improved with 13 guesthouses and cottages, the Villa meeting and dining facility, office, laundry, classroom, and boat dock.

The appraised value reflects the leasehold estate of the subject real estate. The property is currently subject to lease between the Secretary of the Army and the Upper Cumberland Human Resource Agency for \$1 per year for 25 years.

NOTE 5. LONG-TERM OBLIGATIONS

The following is a summary of the Agency's long-term obligations for the year ending June 30, 2011.

Capital Leases:

	<u>Governmental Fund</u>	<u>Proprietary Fund</u>
Debt Outstanding July 1, 2010	\$ 67,247.32	\$142,543.76
New Debt Issued	219,448.59	--
Repayments	<u><52,331.93></u>	<u><71,349.45></u>
Debt Outstanding June 30, 2011	<u>\$ 234,363.98</u>	<u>\$ 71,194.31</u>

The following is an analysis of the asset balances at June 30, 2011 under capital leases:

	<u>Governmental Fund</u>	<u>Proprietary Fund</u>
Leasehold Improvements	\$ --	\$71,194.31
Furniture & Equipment	213,947.11	--
Vehicles	<u>20,416.87</u>	<u>--</u>
Totals	<u>\$234,363.98</u>	<u>\$71,194.31</u>

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

The following is a schedule by years of future minimum payments required under capital leases that have initial or remaining noncancellable lease terms exceeding one year as of June 30, 2011:

	<u>Governmental Fund</u>		<u>Proprietary Fund</u>	
	Principal	Interest	Principal	Interest
2012:	\$80,280.40	\$15,406.76	\$71,194.31	\$ 4,801.11
2013:	\$89,982.56	\$ 8,704.69	--	--
2014:	\$56,722.99	\$ 2,267.95	--	--
2015:	<u>\$ 7,378.03</u>	<u>\$ 344.54</u>	<u>--</u>	<u>--</u>
Totals	\$234,363.98	\$26,723.94	\$71,194.31	\$ 4,801.11

Proprietary Loans:

	<u>Loan Agreement</u>
Debt Outstanding July 1, 2010:	\$1,651,463.78
New Debt Issued:	--
Repayments:	<u>\$ (58,405.31)</u>
Debt Outstanding June 30, 2011:	<u>\$1,593,058.47</u>

The asset balance associated with the above debt is \$1,593.058.47.

The following is a schedule by years of future minimum payments required under loan agreements that have initial or remaining loan terms exceeding one year as of June 30, 2011:

	<u>Principal</u>	<u>Interest</u>
2012:	\$ 60,872.07	\$ 67,307.93
2013:	63,443.04	64,736.96
2014:	66,122.60	62,057.39
2015:	68,915.36	59,264.63
2016:	71,826.10	56,353.36
2017-2020	318,950.09	193,769.88
2021-2025	480,575.74	160,324.25
2026-2029	<u>462,353.47</u>	<u>48,819.61</u>
Total Loan Payments:	<u>\$1,593,058.47</u>	<u>\$ 412,634.01</u>

NOTE 6. LEASE AGREEMENTS

The agency leases office space and copiers to carry out its activities and to administer the various grant programs. All leases are cancelable at the agency's options.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7. LINE OF CREDIT

The agency has a line of credit established with Bank of Putnam County which is a fifteen month note and is considered long-term on the financial statements. The collateral for the line of credit is the balance of receivables from the State of Tennessee and the fair market value of the residential centers. The line of credit was increased by \$525,000.00 from \$2,225,000.00 in 2010 to \$2,750,000.00 in 2011. The line of credit was not fully utilized on June 30, 2011. The balance on the line of credit at June 30, 2011 was \$2,113,858.01

NOTE 8. DEFERRED COMPENSATION PLAN

As of January 1, 2008, the Agency began participation in the Tennessee Consolidated Retirement System (TCRS). All full-time employees (hired on or after January 1, 2008) are required to participate. Employees hired on or before December 31, 2007 had the option to enroll in TCRS. TCRS administers a defined benefit pension plan that provides retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and beneficiaries. The agency is contributory, whereby all participating employees contribute 5% of gross compensation and the employee is responsible for the remaining contribution of 7.04%. The percentage the agency contributes is based on actuarial rate. The actuarial rate and contributions for the agency are established by the TCRS Board of Trustees. The actuarial rate and the contributions are reviewed every two years. Any changes to the TCRS plan have to be approved by the Board of Directors of the Upper Cumberland Human Resource Agency.

The agency's annual contribution to TCRS on June 30, 2011 was \$338,923.66.

Also, the Upper Cumberland Human Resource Agency continues to provide pension benefits for full-time (hired on or before December 31, 2007) and permanent part-time employees who work at least 1,000 hours annually through a defined contribution plan administered by Hartford Life. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after 12 months of employment. Any amendments to the defined contribution plan have been approved by the Board of Directors of Upper Cumberland Human Resource Agency. According to the agency's personnel policies approved by the Board of Directors, the agency contributes 5% of the employee's base salary each month, and the employee contributes at least 5% of the base salary. The employee is allowed to contribute up to federally defined limits. All contributions by the employee are fully vested upon participation in the retirement plan. Employer contributions are vested at a rate of 20% per year.

The agency's total payroll for the year ended June 30, 2011 was \$9,926,274.63. The payroll for employees covered by the plan was \$4,061,171.60. The required contribution of \$458,771.59 was made and consisted of \$203,058.58 from the agency and \$255,713.01 from employees; these contributions represented 5% and 6.30% of covered payroll, respectively.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9. RISK MANAGEMENT

The agency participates in the Tennessee Municipal League (TML) Risk Management Pool, for the following risks of loss: commercial general liability, bodily injury, property damage, physical damage, and personal injury liability for vehicle operation, employer's liability and worker's compensation. Worker's compensation is based on previous year's salaries at a predefined rate; however at the end of the policy year (December 31) a worker's compensation audit is conducted. At that time the agency could be subject to additional payment or a refund of premiums.

The agency's participation in the TML Risk Management Pool is similar to purchasing commercial insurance, in that the agreement provides for payment of premiums and does not provide for additional member assessments. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

The agency carries commercial insurance for employee dishonesty. There were no claims filed against this policy in the past year.

The agency elected to provide basic health, disability, dental, and life insurance coverage for its employees through a fully insured plan administered through Blue Cross/Blue Shield of Tennessee. The agency's obligation under the insurance policy is limited to \$980.36 per month per employee for family coverage and \$397.42 per month per employee for individual coverage. An additional life insurance policy is provided to full-time employees at a cost of \$9.75 per month per employee. This policy is provided through Allstate Life. The agency's annual liability is approximately \$2,180,849.48

NOTE 10. RESERVED FUND BALANCE

As of June 30, 2011 the agency has a reserve fund balance of \$21,278.78. This amount includes local revenue to be used by the Nutrition Program. The agency's policy is to apply unrestricted resources when an expense is incurred for the purpose for which both restricted and unrestricted net assets are available.

NOTE 11. OPERATIONS OF ENTERPRISE FUND - LAKESIDE RESORT AND EDUCATIONAL COMPLEX

The fiscal year ending June 30, 2011 was the seventh year of operation for the 26 unit lodge and conference center at Lakeside Resort and the fifteen year of operations of the educational complex as a whole.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
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The Statement of Revenues, Expenses, and Changes in Net Assets for the Enterprise Fund indicates the following:

Net Change in Assets:	\$ (19,708.85)
Depreciation on Net Assets:	<u>158,310.39</u>
Net Income from Operations:	<u>\$178,019.24</u>

The original intent of the agency was to provide a training facility for culinary arts and resort management. The fees for services charged were not intended to cover the cost of depreciation or the total costs of operations. Therefore, we consider the educational complex a partially self-supporting venture. The educational complex was opened to provide a training need for the Upper Cumberland area not as a for profit venture. The educational complex during fiscal year 2011 enrolled 34 students of which 23 completed the course. The average rate of pay received by the students was \$7.91 per hour plus fringe benefits. Since inception of the WIA program, 159 students have been enrolled and 123 students have completed the program. The educational complex has served over 414 students since opening in 1996.

The following schedule explains the cumulate depreciation and profit and losses from operations since presenting Lakeside Resort and Educational Complex as an enterprise fund:

<u>Audit Year</u>	<u>Profit/Loss in Audit</u>	<u>Depreciation Reported</u> <u>In Audit</u>	<u>Actual Profit/Loss</u>
2011	\$ 19,708.85	\$ 158,310.39	\$ 178,019.24
2010 Adj.	1,696,927.80	--	1,696,927.80
2010	(31,354.46)	178,184.20	146,829.74
2009	(224,497.17)	227,419.84	2,922.67
2008	(230,208.76)	188,484.11	(41,724.65)
2007	(209,071.64)	220,376.52	11,304.88
2006	(334,480.29)	177,516.69	(156,963.60)
2005	(391,651.22)	173,304.70	(218,346.52)
2004	(186,576.44)	49,260.26	(137,316.18)
2003	2,347.03	47,982.58	50,329.61
2002	(64,087.28)	20,241.73	(43,845.55)
2001	(766.58)	35,306.09	34,539.51
2000	(14,373.00)	38,830.26	24,457.26
1999	(179,825.29)	36,439.03	(143,386.26)
1998	(111,806.93)	36,021.89	(75,785.04)
1997	(48,195.03)	29,480.59	(18,714.44)
1996	82,102.53	11,226.65	93,329.18
	<u>(\$225,807.88)</u>	<u>\$ 1,628,385.53</u>	<u>\$ 1,402,577.65</u>

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
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As indicated by the schedule, the total accumulated depreciation reported in the financial statements is \$1,628,385.53. The enterprise fund has generated \$8,430,841.00 of sales and grant revenues over the past fifteen years.

The above schedule does not reflect the in-kind value of the lease for the Lakeside property. At the beginning the in-kind value of the lease was \$200,000.00 per year and after the completion of the lodge in 2004, the in-kind value of the lease increased to \$625,000.00 per year (the appraised value was determined by Norman Hall & Associates). In-kind is non-cash revenue and non-cash expense transaction. The enterprise's equipment and vehicles book value was \$342,243.62 (un-depreciated) and \$7,333.35 (depreciated), respectively. The proceeds from the sale of the equipment and vehicles would be available to cover losses if necessary.

Additionally, the Agency has a lease agreement with the Secretary of the Army for land and buildings that are not recorded as assets of the Enterprise Fund. Lakeside Resort and Educational Complex maintain these facilities and the expenses are reflected in the operational cost. As stated in the appraisal, the present economic value of the lease-hold interest is \$625,000.00/year. Although the Agency maintains a lease for this property we do not record any in-kind transactions in the enterprise funds.

NOTE 12: FAIR MARKET VALUE OF ASSETS

The Agency's financial statements indicate that the land and buildings located at Indian Mound and Chance Residential Centers are valued at \$536,803.85. The current fair-market value of these properties is \$948,000.00. The appraisal for the properties was prepared by David M. Mainord, Real Estate Appraiser.

NOTE 13: ASSETS HELD IN CUSTODY FOR OTHERS

The agency holds assets in the custody for others in the amounts of \$538,429.81 for long-term retirement benefits (See Note 2. for additional information).

Upper Cumberland Human Resource Agency
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grant Agency	Balance June 30, 2010	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 2011
Assistance Programs As Identified In The Catalog Of Federal Domestic Assistance ("Major Federal Financial Assistance Program")												
10.558	03-47-64071-00-6	Child and Adult Care Food Program	Tennessee Department of Human Services	(84,160.70)	331,507.20	-	-	237,346.50	-	-	-	-
10.558	03-47-64071-00-6	Child and Adult Care Food Program	Tennessee Department of Human Services	-	694,404.14	-	-	793,220.31	-	-	-	(98,916.17) (2)
Subtotal - 10.558				(84,160.70)	1,025,911.34	-	-	1,030,566.81	-	-	-	(98,916.17)
10.568	DG-10-29782-00	Emergency Food Assistance Program (Administrative Costs)	Tennessee Department of Agriculture	(18,606.68)	82,311.42	-	-	53,804.74	-	-	-	-
10.568	DG-11-34278-00	Emergency Food Assistance Program (Administrative Costs)	Tennessee Department of Agriculture	-	38,231.00	-	-	76,246.18	-	-	-	(37,014.18) (2)
Subtotal - 10.568				(18,606.68)	120,542.42	-	-	130,049.92	-	-	-	(37,014.18)
14.241	GG-10-27619-00	Housing Opportunities for Persons with AIDS	Tennessee Department of Health	(7,693.14)	7,693.14	-	-	-	-	-	-	-
14.241	GG-10-27619-00	Housing Opportunities for Persons with AIDS	Tennessee Department of Health	-	56,291.88	-	-	62,976.94	-	-	-	(6,685.06) (2)
Subtotal - 14.241				(7,693.14)	63,984.72	-	-	62,976.94	-	-	-	(6,685.06)
16.523	12126	Juvenile Accountability Block Grant State Allocated	Tennessee Commission on Children and Youth	(23,880.26)	46,642.64	-	-	22,762.38	-	-	-	-
16.523	22698	Juvenile Accountability Block Grant State Allocated	Tennessee Commission on Children and Youth	-	46,287.72	-	-	68,317.17	-	-	-	(23,029.45) (2)
Subtotal - 16.523				(23,880.26)	92,930.36	-	-	91,079.55	-	-	-	(23,029.45)
17.207	GG-10-30624-00	Career Center/Employment Security	Tennessee Department of Labor/Workforce Development	(23,474.18)	23,474.18	-	-	-	-	-	-	-
17.207	GG-10-30624-00	Career Center/Employment Security	Tennessee Department of Labor/Workforce Development	-	100,552.96	-	-	134,861.88	-	-	-	(26,326.92) (2)
Subtotal - 17.207				(23,474.18)	123,027.14	-	-	134,861.88	-	-	-	(26,326.92)
17.235	GG-05-27553-00	Senior Community Service Employment Program-Title V	Tennessee Commission on Aging	(672.09)	624.50	-	4.18	-	66.89	-	-	-
17.235	GG-11-33377-00	Senior Community Service Employment Program-Title V	Tennessee Commission on Aging	-	-	10,318.33	-	10,318.33	-	-	-	-
17.235	GG-10-29007-00	Senior Community Service Employment Program-Title V	Tennessee Commission on Aging	(2,433.67)	12,762.00	-	-	-	-	10,318.33	-	-
17.235	GG-10-29007-00	Senior Community Service Employment Program-Title V	Tennessee Commission on Aging	-	248,964.00	-	-	248,960.00	-	-	-	(4,006.00) (2)
17.235	AD-16177-07-50-A-24	SSAI PROJECT 298	Senior Services of America	(89,420.00)	69,420.00	-	-	-	-	-	-	-
17.235	AD-16177-07-50-A-24	SSAI PROJECT 298	Senior Services of America	-	303,375.00	-	-	374,858.00	-	-	-	(71,483.00) (2)
17.235	-	SSAI PROJECT 298 ARRA	Senior Services of America	(18,872.00)	18,872.00	-	-	-	-	-	-	-
17.235	-	SSAI PROJECT 298 ARRA	Senior Services of America	-	26,339.00	-	-	26,769.00	-	-	-	(429.00) (2)
17.235	-	SSAI PROJECT 298 ARRA	Senior Services of America	-	168,981.00	-	-	171,038.00	-	-	-	(2,057.00) (2)
Subtotal - 17.235				(81,297.76)	848,207.50	10,318.33	4.18	839,333.33	66.89	10,318.33	-	(82,356.00)
17.258	LW07F101ADULT10	Title One - Adult	Tennessee Department of Labor/Workforce Development	(27,376.53)	113,436.00	-	-	86,069.47	-	-	-	-
17.258	LW07F111ADULT11	Title One - Adult	Tennessee Department of Labor/Workforce Development	-	680,000.00	-	-	539,705.33	-	-	-	20,294.67 (3)
17.258	LW07S791ADULT09	Title One - Adult	Tennessee Department of Labor/Workforce Development	(23,666.19)	133,506.00	-	-	109,939.81	-	-	-	-
17.258	LW07P101ADULT10	Title One - Statewide	Tennessee Department of Labor/Workforce Development	-	132,429.00	-	-	132,428.00	-	-	-	-
17.258	LW40F103HNSWA10	Title One - Statewide	Tennessee Department of Labor/Workforce Development	(25,373.25)	26,373.25	-	-	-	-	-	-	-
17.258	LW40F101CRSWA10	Title One - Statewide	Tennessee Department of Labor/Workforce Development	(3,515.76)	13,000.00	-	-	9,041.37	-	-	-	-
17.258	LW40S791YUSWA09	Title One - Statewide	Tennessee Department of Labor/Workforce Development	10,446.67	-	-	-	10,448.67	439.88	-	-	-
17.258	LW40P101SSSWA11	Title One - Statewide	Tennessee Department of Labor/Workforce Development	-	48,376.37	-	-	74,567.20	-	-	-	(26,190.83) (2)

Upper Cumberland Human Resource Agency
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For the Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Balance June 30, 2010	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 2011
17.258	LW40F104DPWA10	Title One - Statewide	Labor/Workforce Development	(3,330.00)	3,330.00	-	-	-	-	-	-	-
Subtotal - * 17.258			Tennessee Department of Labor/Workforce Development	(72,714.05)	1,029,449.62	-	-	962,191.85	439.88	-	-	(6,896.16) (2)
17.259	LW07P091YOUTH10	Title One - Youth	Tennessee Department of Labor/Workforce Development	(19,183.41)	146,475.00	-	-	127,281.69	-	-	-	-
17.259	LW07P101YOUTH10	Title One - Youth	Tennessee Department of Labor/Workforce Development	-	670,000.00	-	-	616,092.15	-	-	-	(46,092.15) (2)
17.259	LW07S791YOUTH09	Title One - Youth	Tennessee Department of Labor/Workforce Development	(35,690.22)	121,819.00	-	-	86,218.78	-	-	-	-
17.259	LW40P102SSSWA11	Title One - Statewide	Tennessee Department of Labor/Workforce Development	-	86,000.00	-	-	99,200.00	-	-	-	(13,200.00) (2)
Subtotal - * 17.259			Tennessee Department of Labor/Workforce Development	(54,783.63)	924,294.00	-	-	928,802.52	-	-	-	(5,292.15)
17.260	LW07F101DSLWK10	WIA Title One - Dislocated Workers	Tennessee Department of Labor/Workforce Development	(20,376.90)	226,642.00	-	-	206,265.10	-	-	-	-
17.260	LW07S791DSLWK09	WIA Title One - Dislocated Workers	Tennessee Department of Labor/Workforce Development	(33,133.98)	290,532.00	-	-	257,398.02	-	-	-	-
17.260	LW40F092SSSWA09	WIA Title One - State Wide	Tennessee Department of Labor/Workforce Development	(13,667.50)	14,910.59	-	-	353.09	-	-	-	-
17.260	LW40P091DWRSP10	WIA Title One - Dislocated Workers	Tennessee Department of Labor/Workforce Development	-	37,244.69	-	-	37,244.69	-	-	-	-
17.260	LW40F101DWNEG10	WIA Title One - State Wide	Tennessee Department of Labor/Workforce Development	-	69,040.00	-	-	69,040.00	-	-	-	-
Subtotal - * 17.260			Tennessee Department of Labor/Workforce Development	(67,160.39)	636,469.28	-	-	669,200.90	-	-	-	(3,309.09) (2)
17.267	LW40P091NCNTV10	WIA Title One - State Wide	Tennessee Department of Labor/Workforce Development	-	7,080.77	-	-	10,389.86	-	-	-	(3,309.09)
Subtotal - * 17.267			Tennessee Department of Labor/Workforce Development	-	7,080.77	-	-	10,389.86	-	-	-	(3,309.09)
17.277	LW40P101DWNEG11	WIA Title One - State Wide	Tennessee Department of Labor/Workforce Development	-	118,408.32	-	-	118,408.32	-	-	-	-
17.277	LW40F111DWNEG11	WIA Title One - State Wide	Tennessee Department of Labor/Workforce Development	-	-	-	-	6,728.52	-	-	-	(6,728.52) (2)
Subtotal - * 17.277			Tennessee Department of Labor/Workforce Development	-	118,408.32	-	-	125,136.84	-	-	-	(6,728.52)
17.278	LW40P103MNSWA11	WIA Title One	Tennessee Department of Labor/Workforce Development	-	-	-	-	1,930.50	-	-	-	(1,930.50) (2)
17.278	LW07F111DSLWK11	WIA Title One	Tennessee Department of Labor/Workforce Development	-	369,000.00	-	-	406,718.56	-	-	-	(37,718.56) (2)
17.278	LW07P101DSLWK11	WIA Title One	Tennessee Department of Labor/Workforce Development	-	196,979.00	-	-	196,979.00	-	-	-	-
17.278	LW40F111WRSP11	WIA Title One	Tennessee Department of Labor/Workforce Development	-	9,460.00	-	-	38,510.00	-	-	-	(29,150.00) (2)
17.278	LW40F113SSSWA11	WIA Title One	Tennessee Department of Labor/Workforce Development	-	8,246.61	-	-	24,426.91	-	-	-	(16,183.30) (2)
17.278	LW40F111NCNSWA11	WIA Title One	Tennessee Department of Labor/Workforce Development	-	-	-	-	31,668.04	-	-	-	(31,668.04) (2)
Subtotal - * 17.278			Tennessee Department of Labor/Workforce Development	-	593,684.61	-	-	700,336.01	-	-	-	(116,651.40)
20.500	Z-077832-00	Section 6309 Discretionary Capital	Tennessee Department of Transportation	-	138,499.01	-	-	143,341.90	-	-	-	(4,842.89) (2)
Subtotal - * 20.500			Tennessee Department of Transportation	-	138,499.01	-	-	143,341.90	-	-	-	(4,842.89)
20.609	GA-9150	Public Transportation for Non Urbanized Areas (Section 18)-Aging	Upper Cumberland Development District	(18,768.00)	18,768.00	-	-	-	-	-	-	-
20.609	GA-9150	Public Transportation for Non Urbanized Areas (Section 18)-Aging	Upper Cumberland Development District	-	66,304.00	-	-	76,072.00	-	-	-	(18,768.00) (2)

Upper Cumberland Human Resource Agency
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CFDA Number	Grant Number	Program Name	Grantor Agency	Balance June 30, 2010	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 2011
20.509	GG-10-28088-00	Public Transportation for Non Urbanized Areas (Section 18)-Aging	Tennessee Department of Transportation	(210,650.50)	210,650.50	-	-	-	-	-	-	-
20.509	GG-11-33465-00	Public Transportation for Non Urbanized Areas (Section 18)-CARTS	Tennessee Department of Transportation	-	2,282,100.40	-	-	2,361,241.00	-	-	-	(89,060.60) (2)
20.509	GG-09-29012-00	Public Transportation for Non Urbanized Areas (Section 18)-CARTS	Tennessee Department of Transportation	(48,579.93)	52,859.82	18,271.20	-	22,851.09	-	-	-	-
20.509	Z-09-219918-00	Public Transportation for Non Urbanized Areas (Section 18)-CARTS	Tennessee Department of Transportation	(85,640.97)	177,798.00	-	-	92,157.03	-	-	-	-
20.509	GG-10-32182-00	Public Transportation for Non Urbanized Areas (Section 18)-CARTS	Tennessee Department of Transportation	-	134,212.42	-	-	303,339.00	-	-	-	(169,126.58) (2)
20.509	Z-09-219918-00	Public Transportation for Non Urbanized Areas (Section 18)-CARTS	Tennessee Department of Transportation	(235,797.00)	496,225.00	-	-	280,428.00	-	-	-	-
20.509	GG-11-32311-00	Public Transportation for Non Urbanized Areas (Section 18)-CARTS	Tennessee Department of Transportation	-	91,209.75	-	-	81,209.75	-	-	-	-
20.509	GG-10-31645-00	Public Transportation for Non Urbanized Areas (Section 18)-CARTS	Tennessee Department of Transportation	-	286,984.00	-	-	292,816.21	-	-	-	(6,831.21) (2)
Subtotal - 20.509				<u>(599,435.40)</u>	<u>3,767,191.89</u>	<u>18,271.20</u>	-	<u>3,495,813.03</u>	-	-	-	<u>(292,766.39)</u>
20.516	Z-09-215698-00	Job Access	Tennessee Department of Transportation	(46,344.04)	46,344.04	-	-	-	-	-	-	-
20.516	GG-10-32176-00	Job Access	Tennessee Department of Transportation	(8,864.87)	269,641.32	-	-	314,863.34	-	-	-	(55,086.89) (2)
Subtotal - 20.516				<u>(55,208.91)</u>	<u>315,985.36</u>	-	-	<u>314,863.34</u>	-	-	-	<u>(55,086.89)</u>
20.521	Z-09-215666-00	New Freedom	Tennessee Department of Transportation	(42,871.83)	116,167.37	-	-	92,897.29	-	-	-	(19,601.75) (2)
Subtotal - 20.521				<u>(42,871.83)</u>	<u>116,167.37</u>	-	-	<u>92,897.29</u>	-	-	-	<u>(19,601.75)</u>
81.042	-	Weatherization Assistance for Low-Income Persons-Advance	Tennessee Department of Human Services	11,347.00	-	-	-	-	-	-	-	11,347.00 (3)
81.042	Z-11-000417-00	Weatherization Assistance for Low-Income Persons	Tennessee Department of Human Services	-	20,276.06	-	-	278,723.66	-	-	-	(256,447.60) (2)
81.042	Z-09-217920-00	Weatherization Assistance for Low-Income Persons	Tennessee Department of Human Services	179,998.44	704,055.73	-	-	884,064.17	-	-	-	-
81.042	Z-11-000417-00	Weatherization Assistance for Low-Income Persons (ARRA)	Tennessee Department of Human Services	-	1,550,104.57	-	-	1,739,363.00	-	-	-	(179,248.43) (2)
Subtotal - 81.042				<u>191,345.44</u>	<u>2,264,446.36</u>	-	-	<u>2,900,140.73</u>	-	-	-	<u>(424,348.93)</u>
84.010	-	Title 1	Tennessee Association for Child Care	(2,428.32)	3,567.65	-	-	1,138.33	-	-	-	-
84.010	-	Title 1	Tennessee Association for Child Care	(11,364.06)	9,598.64	-	-	1,766.41	-	-	-	(5,530.82) (2)
84.010	-	Title 1	Tennessee Association for Child Care	-	6,961.88	-	-	17,117.15	-	-	-	(10,155.47) (2)
84.010	-	Title 1	Tennessee Association for Child Care	-	8,974.55	-	-	15,296.27	-	-	-	(6,321.72) (2)
84.010	-	Title 1	Tennessee Association for Child Care	-	2,267.66	-	-	6,746.09	-	-	-	(4,480.53) (2)
84.010	-	Title 1	Tennessee Association for Child Care	-	4,358.55	-	-	4,565.66	-	-	-	-
84.010	-	Title 1	Tennessee Association for Child Care	-	8,684.94	-	-	8,684.94	-	-	-	-
84.010	-	Title 1	Tennessee Association for Child Care	-	8,221.19	-	-	8,221.19	-	-	-	-
84.010	-	Title 1 ARRA	Tennessee Association for Child Care	(3,505.41)	5,174.98	-	-	1,669.57	-	-	-	-

Upper Cumberland Human Resource Agency
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Balance June 30, 2010	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 2011
Assistance Programs As Identified In The Catalog Of Federal Domestic Assistance ("Major Federal Financial Assistance Program")												
84.010	-	Title 1 ARRA	Tennessee Association for Child Care	(10,623.10)	16,441.73	-	-	5,818.63	-	-	-	-
84.010	-	Title 1 ARRA	Tennessee Association for Child Care	(31,689.39)	52,592.75	-	-	20,923.36	-	-	-	-
84.010	-	Title 1 ARRA	Tennessee Association for Child Care	-	7,364.46	-	-	7,364.46	-	-	-	-
84.010	-	Title 1 ARRA	Tennessee Association for Child Care	-	6,231.16	-	-	6,231.16	-	-	-	-
84.010	-	Title 1 ARRA	Tennessee Association for Child Care	-	4,853.66	-	-	4,853.66	-	-	-	-
Subtotal - 84.010				(69,991.27)	146,183.51	-	-	109,315.37	1,765.41	-	-	(24,488.64)
84.126	GG-09-24798-01	Career Center/Rehabilitation Services	Tennessee Department of Human Services	(4,791.92)	4,791.92	-	-	-	-	-	-	-
84.126	-	Career Center/Rehabilitation Services	Tennessee Department of Human Services	-	12,371.30	-	-	19,923.04	-	-	-	(7,551.74) (2)
Subtotal - 84.126				(4,791.92)	17,163.22	-	-	19,923.04	-	-	-	(7,551.74)
93.045	GA-9151	Special Programs for the Aging Title III, Part C-Nutrition Services-Congregate	Upper Cumberland Development District	(130,560.00)	130,560.00	-	-	-	-	-	-	-
93.045	GA-9151	Special Programs for the Aging Title III, Part C-Nutrition Services-Congregate	Upper Cumberland Development District	-	243,748.00	-	-	324,998.00	-	-	-	(81,250.00) (2)
93.045	GA-9151	Special Programs for the Aging Title III, Part C-Nutrition Services-Congregate	Upper Cumberland Development District	(161,023.47)	120,753.36	-	40,270.11	-	-	-	-	-
93.045	GA-9152	Special Programs for the Aging Title III, Part C-Nutrition Services-Home Delivered ARRA	Upper Cumberland Development District	(11,426.22)	11,426.22	-	-	-	-	-	-	-
93.045	GA-9152	Special Programs for the Aging Title III, Part C-Nutrition Services-Home Delivered ARRA	Upper Cumberland Development District	-	382,482.35	-	-	435,448.52	-	-	-	(72,966.27) (2)
Subtotal - 93.045				(302,993.69)	869,959.93	-	40,270.11	760,446.52	-	-	-	(154,216.27)
93.558	Z-10-000071-00	TANF Subsidized Employment	Tennessee Department of Human Services	(69,632.23)	133,969.37	-	-	74,327.14	-	-	-	-
93.558	Z-11-000066-00	TANF Subsidized Employment	Tennessee Department of Human Services	-	93,774.88	-	-	110,928.68	-	-	-	(17,153.80) (2)
Subtotal - 93.558				(69,632.23)	227,734.25	-	-	185,255.82	-	-	-	(17,153.80)
93.568	Z-10-000218-00	Low-Income Home Energy Assistance	Tennessee Department of Human Services	(276,626.06)	276,626.06	-	-	-	-	-	-	-
93.568	Z-11-000268-00	Low-Income Home Energy Assistance	Tennessee Department of Human Services	-	3,000,811.36	-	-	3,077,078.81	-	-	-	(76,267.56) (2)
93.568	GG-11-34346-00	Low-Income Home Energy Assistance	Tennessee Department of Human Services	-	2,848,966.88	-	-	3,132,057.46	-	-	-	(183,090.76) (2)
Subtotal - 93.568				(276,626.06)	6,226,403.99	-	-	8,209,135.27	-	-	-	(259,358.33)
93.569	Z-10-000119-00	Community Services Block Grant	Tennessee Department of Human Services	(116,239.78)	116,239.78	-	-	-	-	-	-	-
93.569	Z-09-217922-00	Community Services Block Grant	Tennessee Department of Human Services	1.41	-	-	-	1.41	-	-	-	-
93.569	Z-09-217922-00	Community Services Block Grant	Tennessee Department of Human Services	-	689,653.99	-	-	815,295.30	-	-	-	(145,841.31) (2)
93.569	-	Community Services Block Grant Advance	Tennessee Department of Human Services	17,974.00	-	-	-	-	-	-	-	17,974.00 (3)
Subtotal - 93.569				(88,264.37)	785,893.77	-	-	815,296.71	-	-	-	(127,867.31)
93.959	GG-10-28999-00	Community Anti-Drug Coalition	Tennessee Department of Mental Health and Developmental Disabilities	(18,178.40)	18,178.40	-	-	-	-	-	-	-
93.959	GG-11-32726-00	Community Anti-Drug Coalition	Tennessee Department of Mental Health and Developmental Disabilities	-	31,854.47	-	-	31,854.47	-	-	-	-
Subtotal - 93.959				(18,178.40)	49,752.87	-	-	31,854.47	-	-	-	-

Upper Cumberland Human Resource Agency
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Balance June 30, 2010	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 2011
Assistance Programs As Identified In The Catalog Of Federal Domestic Assistance ("Major Federal Financial Assistance Program")												
93.600	G-04-CH-0437-19	Head Start	U.S. Department of Health and Human Services	(103,460.61)	103,460.61	-	-	-	-	-	-	-
93.600	G-04-SE-0437-01	Head Start (ARRA)	U.S. Department of Health and Human Services	(420.90)	420.90	-	-	-	-	-	-	-
93.600	G-04-CH-0437-20	Head Start	U.S. Department of Health and Human Services	-	316,466.13	-	-	344,601.71	-	-	-	(26,115.58) (2)
Subtotal - 93.600				(103,881.51)	422,367.84	-	-	344,601.71	-	-	-	(26,115.58)
93.650/93.778	P2P000015 / PL2000007	Residential	Tennessee Department of Children's Services	(166,891.50)	166,891.50	-	-	-	-	-	-	-
93.650/93.778	P2P000025/PL2000012	Residential	Tennessee Department of Children's Services	-	1,650,735.50	-	-	1,614,712.00	-	-	-	(163,976.50) (2)
Subtotal - " 93.600				(166,891.50)	1,806,427.00	-	-	1,614,712.00	-	-	-	(163,976.50)
93.667	GG-10-28688-00	Social Service Block Grant-Homemaker Services	Tennessee Department of Human Services	(74,794.65)	74,794.65	-	-	-	-	-	-	-
93.667	GG-10-28768-01	Social Service Block Grant-Homemaker Services	Tennessee Department of Human Services	-	190,682.21	-	-	223,202.51	-	-	-	(32,520.30) (2)
93.667	-	Social Service Block Grant-Homemaker Services - Advance	Tennessee Department of Human Services	2,744.00	-	-	-	-	-	-	-	2,744.00 (3)
Subtotal - 93.667				(72,050.65)	265,476.86	-	-	223,202.51	-	-	-	(28,776.30)
93.917	-	Ryan White	United Way	(10,114.48)	34,324.16	-	-	24,209.68	-	-	-	-
93.917	-	Ryan White	United Way	-	-	-	-	11,868.71	-	-	-	(11,868.71) (2)
Subtotal - 93.917				(10,114.48)	34,324.16	-	-	36,078.39	-	-	-	(11,868.71)
97.024	-	Emergency Food and Shelter (Phase 29)	United Way	5,564.51	28,369.00	-	-	33,079.82	459.76	-	393.93	-
Subtotal - 97.024				5,564.51	28,369.00	-	-	33,079.82	459.76	-	393.93	-
Other Assistance												
-	GA-9159	Aging Homemaker	Upper Cumberland Development District	(6,881.60)	6,881.60	-	-	-	-	-	-	-
-	GA-9159	Aging Homemaker	Upper Cumberland Development District	-	21,914.40	-	-	26,569.60	-	-	-	(4,656.20) (2)
Subtotal -				(6,881.60)	28,796.00	-	-	26,569.60	-	-	-	(4,656.20)
			Totals	<u>\$ (2,124,185.64)</u>	<u>\$ 23,131,422.27</u>	<u>\$ 28,589.53</u>	<u>\$ 40,274.29</u>	<u>\$ 23,152,306.08</u>	<u>\$ 2,721.64</u>	<u>\$ 10,318.33</u>	<u>\$ 393.93</u>	<u>\$ (2,089,642.63)</u>

Notes:

- (1) This schedule reflects only the federal share of the expenditures.
(2) This balance represents an amount due from the grantor. The total due from grantors was \$2,142,001.20.
(3) This balance represents an amount received from the grantor but not earned. The total unearned grantor revenue was \$52,359.67.

Upper Cumberland Human Resource Agency
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Balance July 1, 2010	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 2011
-	Z-08-021327-01	Community Corrections	Tennessee Department of Probation and Parole	(62,869.12)	62,869.12	-	-	-	-	-	-	-
-	GG-11-31901-1	Community Corrections	Tennessee Department of Probation and Parole	-	425,771.28	-	-	483,498.00	-	-	-	(57,726.72) (2)
Subtotal -				(62,869.12)	488,640.40	-	-	483,498.00	-	-	-	(57,726.72)
-	GG-10-28956-00	Community Intervention-Juvenile Services	Tennessee Department of Children's Services	(25,396.67)	30,233.61	-	-	-	1,396.84	-	-	-
-	GG-11-32113-00	Community Intervention-Juvenile Services	Tennessee Department of Children's Services	-	182,466.25	-	-	191,418.00	-	-	-	(8,951.75) (2)
Subtotal -				(25,396.67)	212,700.86	-	-	191,418.00	1,396.84	-	-	(8,951.75)
-	12266	Drug Court Planning Grant	Tennessee Department of Finance & Administration	-	6,076.47	-	-	24,913.60	-	-	-	(18,837.13) (2)
-	-	Options for Community Living	Upper Cumberland Development District	(105,664.93)	145,935.04	-	-	-	-	-	40,270.11	-
-	-	Options for Community Living	Upper Cumberland Development District	-	460,629.76	-	-	553,686.82	-	-	-	(93,157.06) (2)
-	-	Court Appointed Special Advocates	Tennessee Department of Children's Services	(3,750.00)	3,750.00	-	-	-	-	-	-	-
-	-	Court Appointed Special Advocates	Tennessee Department of Children's Services	-	11,250.00	-	-	15,000.00	-	-	-	(3,750.00) (2)
-	-	Special Education	Tennessee Department of Children's Services	(4,707.49)	4,707.49	-	-	-	-	-	-	-
-	-	Special Education	Tennessee Department of Children's Services	-	1,993.17	-	-	1,993.17	-	-	-	-
-	-	Special Education	Tennessee Department of Children's Services	(3,711.21)	3,711.21	-	-	-	-	-	-	-
-	-	Special Education	Tennessee Department of Children's Services	-	2,400.00	-	-	2,400.00	-	-	-	-
-	-	Special Education	Tennessee Department of Children's Services	(2,600.00)	2,600.00	-	-	-	-	-	-	-
-	-	Special Education	Tennessee Department of Children's Services	-	1,977.01	-	-	1,977.01	-	-	-	-
Totals				(274,868.54)	1,346,220.31	-	-	1,274,886.60	1,396.84	-	40,270.11	(246,301.79)

Notes:

- (1) This schedule reflects only the state share of the expenditures.
(2) This balance represents an amount due from the grantor. The total due from grantors was \$246,301.79.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
SCHEDULE OF PERFORMANCE-BASED FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Balance July 1, 2010	Cash Receipts	Adjustment	Amount Earned	Balance June 30, 2011
Assistance Programs As Identified In The Catalog Of Federal Domestic Assistance (* Major Federal Financial Assistance Program)								
		Nutrition - USDA (07/01/09-06/30/10) (3)	Upper Cumberland Development District	\$ (12,500.00)	12,500.00	-	-	\$ -
10.558	GA - 9153	Nutrition - USDA (07/01/10-06/30/11) (3)	Upper Cumberland Development District	-	37,501.00	-	50,001.00	(12,500.00) (2)
10.558	03-47-64194-00-1	Head Start - USDA (07/01/10-06/30/11) (4)	Tennessee Department of Human Services	-	20,120.16	-	20,120.16	-
10.558	-	Indian Mound - USDA (07/01/09-06/30/10) (5)	Tennessee Department of Education	(1,719.32)	1,719.32	-	-	-
10.558	-	Indian Mound - USDA (07/01/10-06/30/11) (5)	Tennessee Department of Education	-	15,253.27	-	18,691.62	(3,438.35) (2)
10.558	-	Chance - USDA (07/01/09-06/30/10) (6)	Tennessee Department of Education	(1,719.32)	1,719.32	-	-	-
10.558	-	Chance - USDA (07/01/10-06/30/11) (6)	Tennessee Department of Education	-	15,253.28	-	18,691.63	(3,438.35) (2)
10.558		Youth Impact Center USDA (07/01/09-06/30/10) (7)	Tennessee Department of Education	(1,719.32)	1,719.32	-	-	-
10.558		Youth Impact Center USDA (07/01/10-06/30/11) (7)	Tennessee Department of Education	-	15,253.27	-	18,691.61	(3,438.34) (2)
Total				\$ (17,657.96)	\$ 121,038.94	\$ -	\$ 126,196.02	\$ (22,815.04)

Notes:

- (1) This is a U.S. Department of Agriculture (USDA)-sponsored program. Funds earned under this contract are used to offset costs of related programs funded by grants. Therefore, the amount earned, related expenditures, and receivables are presented in the special revenue fund in the financial statements.
- (2) This represents amount due from USDA. The balance of the receivable was \$22,815.04\$ on June 30, 2011.
- (3) This is a USDA-sponsored program. Funds earned under this contract are used to offset costs of the Nutrition program. Therefore, the amount earned and the related expenditures are presented in the special revenue fund in the financial statements.
- (4) This is a USDA-sponsored program. Funds earned under this contract are used to offset costs of the Headstart program. Therefore, the amount earned and the related expenditures are presented in the special revenue fund in the financial statements.
- (5) This is a USDA-sponsored program. Funds earned under this contract are used to offset costs of the Indian Mound Boy's Home. Therefore the amount earned and the related expenditures are presented in the general fund in the financial statements.
- (6) This is a USDA-sponsored program. Funds earned under this contract are used to offset costs of the CHANCE Girl's Home. Therefore, the amount earned and the related expenditures are presented in the general fund in the financial statements.
- (7) This is a USDA-sponsored program. Funds earned under this contract are used to offset costs of the YIC - Youth Impact Center. Therefore, the amount earned and the related expenditures are presented in the general fund in the financial statements.

UPPER CUMBERLAND HUMAN RESOURCE AGENCY
SCHEDULE OF NONCASH ASSISTANCE (1)
FOR THE YEAR ENDED JUNE 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Balance July 1, 2010	Cash Receipts	Transfers In	Other Additions	Expenditures/Issues	Transfers Out	Other Deductions	Balance June 30, 2011
Assistance Programs As Identified In The Catalog Of Federal Domestic Assistance											
10.569	Z-09-313336-00	Emergency Food Assistance Program (Food Commodities)	Tennessee Department of Agriculture	\$ 365,835.06	\$ 69,431.72	\$ -	-	207,710.82	\$ 207,463.26	\$ 10,092.70 (2)	\$ -
10.569	DG-10-29782-00	Emergency Food Assistance Program (Food Commodities)	Tennessee Department of Agriculture	-	541,126.03	207,463.26	15,331.99 (3)	485,383.99	-	791.35 (3)	277,745.94
	Totals			\$ 365,835.06	\$ \$10,567.75	\$ 207,463.26	\$ 15,331.99	\$ 693,094.81	\$ 207,463.26	\$ 10,884.05	\$ 277,745.94
											0.00

Notes:

- (1) This schedule reflects the fair value of noncash assistance.
- (2) This amount represents price adjustments of \$9,573.03 and losses of \$519.67.
- (3) This amount represents price adjustments of \$15,331.99 and losses of \$791.36.

Upper Cumberland Human Resource Agency
Schedule of Cash Receipts
For the Year Ended June 30, 2011

CFDA Number	Grant Number	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
10.558	03-47-54071-00-5	82,800.86	81,339.90		160,246.51	7,119.93								331,507.20
10.558	03-47-54071-00-5					62,864.49	81,229.62	71,319.48	76,407.25	69,494.84	117,977.98	108,995.45	106,115.03	694,404.14
10.568	DG-10-29782-00	11,879.02	9,065.55	8,662.13		52,704.72								82,311.42
10.568	DG-11-34278-00												38,231.00	38,231.00
14.241	GG-10-27619-00	2,830.48	4,652.29	210.37										7,693.14
14.241	GG-10-27619-00			3,859.17	4,860.59	5,238.52	5,903.54	9,463.20	7,154.86	5,581.39	5,334.04	8,895.17		56,291.58
16.523	12126	23,880.26				22,762.38								46,642.64
16.523	22688								20,808.71			24,481.01		45,287.72
17.207	GG-10-30624-00		23,474.18											23,474.18
17.473	GG-11-31982-00			7,863.31	22,358.41									108,552.96
17.235	GG-09-27553-00		824.50								59,446.88	10,146.45	8,937.81	624.50
17.235	GG-10-29007-00		12,752.00											12,752.00
17.235	GG-11-32347-00													246,954.00
17.235	AD-16177-07-50-A-24	44,766.00		24,654.00	93,310.00		45,000.00	25,000.00	20,000.00	18,000.00	20,100.00	15,000.00	12,544.00	69,420.00
17.235	AD-16177-07-50-A-24													303,375.00
17.235	SSAI Project 298(ARRA)	18,872.00												18,872.00
17.235	SSAI Project 298 D11				4,032.00	2,757.00	2,389.00	2,120.00	2,130.00	2,342.00	2,415.00	2,333.00	4,821.00	25,339.00
17.235	SSAI Project 298 CAA			21,388.00	45,192.00	51,805.00	36,581.00	4,805.00	2,192.00	1,568.00	1,400.00	1,360.00	2,660.00	165,951.00
17.258	LW07F101ADULT10	29,000.00	84,435.00											113,435.00
17.258	LW07F11ADULT11													560,000.00
17.258	LW07ST91ADULT09	13,000.00	23,000.00	15,000.00	13,000.00	16,000.00	5,000.00		11,000.00		11,000.00	14,000.00	12,508.00	133,506.00
17.258	LW07P101ADULT11			43,000.00	79,000.00	10,429.00								132,429.00
17.258	LW40F1031WSWA10		25,373.25											25,373.25
17.258	LW40F101CRSWA10	5,000.00		8,000.00										13,000.00
17.258	LW40P101SSSWA11					6,477.22		6,751.50	5,000.00			23,123.33	7,024.32	48,376.37
17.258	LW40F104DPWSA10	3,330.00												3,330.00
17.258	LW07P091YOUTH10	10,000.00	73,000.00	21,000.00	42,475.00		25,000.00	42,000.00	138,000.00	102,000.00	39,000.00	68,000.00	63,000.00	146,475.00
17.258	LW07P101YOUTH11													570,000.00
17.258	LW07ST91YOUTH09	48,000.00	44,000.00	6,000.00	13,800.00				5,000.00				4,019.00	121,819.00
17.258	LW40P102SSSWA11					15,000.00	5,000.00	6,000.00	22,000.00	5,000.00		15,000.00		86,000.00
17.260	LW07F101DSLWK10	10,000.00	83,000.00	33,000.00	59,000.00	41,642.00								228,642.00
17.260	LW07ST91DSLWK09	20,000.00	60,000.00	19,000.00	11,500.00	64,500.00	14,000.00	6,000.00	49,000.00	11,000.00	24,000.00	11,532.00		290,532.00
17.260	LW40F09SSSWA09	8,317.35	5,693.24											14,010.59
17.260	LW40P091DWRSP10													37,244.69
17.260	LW40F101DWNNEG10		55,072.27	12,967.73	37,244.69									68,040.00
17.267	LW40P091NCNTV10											7,080.77		7,080.77
17.277	LW40P101DWNNEG11					88,517.57	29,890.75							118,408.32
17.278	LW07F111DSLWK11								77,000.00	56,000.00	48,000.00	120,000.00	68,000.00	359,000.00
17.278	LW07P101DSLWK11					59,000.00	22,000.00	77,000.00	38,979.00					196,979.00

Upper Cumberland Human Resource Agency
Schedule of Cash Receipts
For the Year Ended June 30, 2011

CFDA Number	Grant Number	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
17.278	LW40F111WRSP11										9,460.00			9,460.00
17.278	LW40F113SSSWA11												8,245.61	8,245.61
20.500	Z-02-037832-00				73,065.40						6,167.93	36,941.54	22,304.14	138,499.01
20.509	GA-9150 Aging	18,768.00												18,768.00
20.509	GA-9150 Aging				6,266.00	12,512.00		18,768.00			18,768.00			56,304.00
20.509	GG-10-29588-00	210,650.50												210,650.50
20.509	GG-11-33465-00				390,681.11	289,423.77	532,234.37		479,326.71	205,983.78		364,530.66		2,282,180.40
20.509	GG-09-29012-00	16,567.98	13,805.09	11,491.69	10,985.06									52,859.82
20.509	Z-09-219918-00	72,353.60	20,582.91	20,713.91	37,150.39	19,510.46				7,476.73				177,798.00
20.509	GG-10-33152-10					23,165.63	13,178.95				97,865.84			134,212.42
20.509	Z-09-219918-00		104,958.00	328,315.00	7,999.00		54,953.00							486,225.00
20.509	GG-11-32311-00				91,209.75									91,209.75
20.509	GG-10-31545-00						204,896.00	19,211.00		18,507.00		44,370.00		286,984.00
20.516	Z-09-215688-00		46,344.04											46,344.04
20.516	GG-10-32178-00			34,644.65		60,871.08	50,232.63				67,856.28	56,034.68		269,641.32
20.521	Z-09-215666-00		12,207.43	8,159.90	33,845.50	11,141.44	5,266.52		7,912.12	10,553.52	6,488.44	10,676.31	9,916.19	116,167.37
81.042	Z-11-0000417											20,276.06		20,276.06
81.042	Z-09-217320-00	79,687.31		164,585.38	160,872.91	295,219.78	3,700.35							704,065.73
81.042	Z-11-0000417-00						220,115.49	145,058.88	524,434.27	286,062.84	384,433.09			1,560,104.57
84.010	-	1,389.85	994.50		1,183.30									3,567.65
84.010	-	3,653.47	3,633.64		2,091.36		220.17							9,598.64
84.010	-						475.50		2,824.64	741.31	738.65	797.76	1,383.82	6,961.68
84.010	-						705.27		1,448.90	648.13		4,152.84	2,019.41	8,974.55
84.010	-						257.35		677.66	317.62	317.66	384.43	312.84	2,267.56
84.010	-						4,358.56							4,358.56
84.010	-						8,584.94							8,584.94
84.010	-						8,221.19							8,221.19
84.010	-	943.98	1,670.42		1,941.94		618.64							5,174.98
84.010	-	4,001.27	3,078.39		6,431.20		2,930.87							18,441.73
84.010	-	10,095.35	6,682.33	6,819.13	22,270.16		6,745.78							52,592.75
84.010	-										3,400.36	3,954.10		7,354.46
84.010	-										2,980.21	3,250.95		6,231.16
84.010	-										779.51	4,074.15		4,853.66
84.010	-													4,791.92
84.126	GG-09-24788-01	1,216.74			2,098.81	1,476.37								12,371.30
84.126	Resource Sharing Agr.			987.12		3,380.51						8,003.67		130,550.00
93.045	GA-9151	74,550.00	56,000.00		27,083.00	54,168.00		81,249.00			81,250.00			243,748.00
93.045	GA-9151													120,753.36
93.045	GA-9152		120,753.36											11,426.22
93.045	GA-9152 (ARRA)	11,426.22												11,426.22

Upper Cumberland Human Resource Agency
Schedule of Cash Receipts
For the Year Ended June 30, 2011

CFDA Number	Grant Number	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
93.045	GA-9152				77,988.02	37,679.85	70,713.63		37,916.94	34,011.90	32,307.60	37,294.53	34,588.88	362,482.35
93.558	Z-10-000071-00	35,213.50		67,465.64	20,545.69	10,734.54								133,959.37
93.558	Z-11-000066-00					6,357.54		12,597.98	11,455.83	26,252.82	12,691.18	12,467.81	11,951.52	83,774.88
93.568	Z-10-000218-00	108,043.37	188,582.48											276,626.05
93.568	Z-11-000268-00		137,608.53	1,294,825.84		1,044,062.73		347,350.69	148,650.57				28,312.90	3,000,811.26
93.568	GG-11-34346-00								1,860,900.00	594,774.67	215,084.79	180,203.16	108,004.06	2,948,966.68
93.568	Z-10-000119-00	57,338.66					58,901.12							116,239.78
93.568	Z-10-000119-00						199,846.94	61,459.28	72,539.13	59,657.79	56,047.10	55,714.30	108,012.90	689,653.99
93.959	GG-10-28989-00	3,965.11		14,213.29										18,178.40
93.959	G-1132726					5,515.78	2,953.62	4,994.06	7,032.57	4,920.31	5,714.41		453.72	31,584.47
93.600	G-04-CH-0437-19		102,767.66	692.95										103,460.61
93.600	G-04-SE-0437-01			420.90										420.90
93.600	G-04-CH-0437-20			15,749.66	35,214.37	36,067.90	37,215.58	31,446.67	34,555.11	27,321.27	29,453.96	27,996.30	43,465.31	318,486.13
93.658/93.778	P2P00015PL2000007	119,179.50	27,843.50		8,868.50									155,891.50
93.658/93.778	P2P000025PL2000012		137,660.50	7,695.00	88,868.00	129,842.00	82,526.00	159,043.00	156,945.00	393,124.50	157,867.50	162,587.00	174,577.00	1,850,735.50
93.667	GG-10-28888-00		6,287.47	68,507.18										74,794.65
93.667	GG-10-28688-01				38,258.80		42,416.57	20,251.23	25,112.30	19,009.06	20,562.02	20,013.33	7,057.40	190,682.21
93.917	Ryan White		5,359.65	3,442.53	2,094.11	3,659.43	3,790.95	2,495.05	4,371.09		4,786.42	3,015.58	1,309.35	34,324.16
97.024	FEMA	7,385.50	15,465.50	3,522.00	2,016.00									28,369.00
-	Aging Homemaker		6,881.60											6,881.60
-	Aging Homemaker				4,868.00	2,392.00	4,305.60		2,244.80	1,748.00	1,895.20	2,226.40	2,134.40	21,914.40
-	Z-08-021327-01	62,869.12												62,869.12
-	GG-11-31901-1			86,682.18	44,029.38	69,073.17	34,639.90		76,934.14	35,581.80	40,954.94	37,875.77		425,771.28
-	GG-10-28956-00	30,293.51												30,293.51
-	GG-11-32113-00					41,854.17	16,879.16	33,872.12	17,548.23	16,714.83	18,355.72	19,305.08	17,926.94	182,456.25
-	12256									742.98		1,465.47	3,868.02	6,076.47
-	Options				145,935.04									145,935.04
-	Options				97,538.30		90,260.58		48,819.81	44,097.03	41,486.97	49,140.84	45,005.29	460,529.76
-	CASA	3,750.00												3,750.00
-	CASA					3,750.00			3,750.00			3,750.00		11,250.00
-	Special Education		4,707.49											4,707.49
-	Special Education									1,863.12			130.05	1,993.17
-	Special Education				3,488.45	222.76								3,711.21
-	Special Education										2,305.29		94.71	2,400.00
-	Special Education				2,500.00									2,500.00
-	Special Education										1,977.01			1,977.01
TOTALS		\$ 1,265,998.71	\$ 1,584,639.18	\$ 2,363,338.66	\$ 2,144,116.46	\$ 3,074,915.62	\$ 4,877,769.03	\$ 1,304,282.14	\$ 4,141,624.84	\$ 2,431,751.24	\$ 1,746,185.98	\$ 1,749,473.83	\$ 1,093,536.89	\$ 24,477,642.58

**UPPER CUMBERLAND HUMAN RESOURCE AGENCY
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Salaries	\$ 1,176,424.11
Fringe benefits	458,102.72
Contracted Services	61,505.30
Audit	332.12
Advertising	4,217.62
Dues and subscriptions	15,521.25
Training	11,360.00
Policy council and board member	15,218.48
Supplies	70,643.02
Travel	37,383.38
Insurance	101,257.16
Vehicle operations	349.00
Printing	13,099.63
Communications	37,501.26
Rent	117,181.16
Utilities	4,737.73
Repairs and maintenance	63,413.91
Professional services	21,328.50
Janitorial services	38,264.71
Equipment rental	9,885.00
Furniture and equipment	19,840.32
Leasing	73,555.33
Other	883.79
	<hr/>
Total indirect cost pool allocated	2,352,005.50
	<hr/>
Amount allocated to cost pools	(451,546.33)
	<hr/>
Amount allocated to proprietary fund	(30,414.59)
	<hr/>
Total indirect costs	\$ 1,870,044.58

**UPPER CUMBERLAND HUMAN RESOURCE AGENCY
SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Revenues</u>	<u>Expenditures</u>
Local Projects:		
Van Pool	\$ 137,814.18	\$ 139,579.60
Drivers Education	56,095.00	62,237.13
Shuttle on Schedule	411,172.50	375,518.55
DUI Education Classes	6,511.48	5,173.50
CATS	29,748.71	185,224.83
Transportation Sub-Contractors	9,519.20	1,554.14
Teen Safe Driving	1,680.00	199.99
Reality	780.00	0.00
Putnam County Drug Court	30,000.00	31,534.58
Art Education	21,309.00	103,047.68
Total local projects	<u>704,630.07</u>	<u>904,070.00</u>
Operating	<u>472,989.01</u>	<u>398,162.08</u>
Total	<u>\$ 1,177,619.08</u>	<u>\$ 1,302,232.08</u>

CRAINE, THOMPSON, & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET

P.O. BOX 1779

SUITE 300, MILLENNIUM SQUARE

MORRISTOWN, TENNESSEE 37816-1779

423-586-7650

REPORT ON COMPLIANCE WITH REQUIREMENTS

APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of directors
Upper Cumberland Human Resource Agency

Compliance

We have audited the compliance of Upper Cumberland Human Resource Agency, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Upper Cumberland Human Resource Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Upper Cumberland Human Resource Agency's management. Our responsibility is to express an opinion on Upper Cumberland Human Resource Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Cumberland Human Resource Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Upper Cumberland Human Resource Agency's compliance with those requirements.

In our opinion, Upper Cumberland Human Resource Agency, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Upper Cumberland Human Resource Agency, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Upper Cumberland Human Resource Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Upper Cumberland Human Resource Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Craine, Thompson & Jones P.C.

Craine, Thompson and Jones

November 11, 2011

CRAINE, THOMPSON, & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET

P.O. BOX 1779

SUITE 300, MILLENNIUM SQUARE

MORRISTOWN, TENNESSEE 37816-1779

423-586-7650

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Upper Cumberland Human Resource Agency

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Upper Cumberland Human Resource Agency as of and for the year ended June 30, 2011, which collectively comprise the Upper Cumberland Human Resource Agency's basic financial statements and have issued our report thereon dated November 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Upper Cumberland Human Resource Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Cumberland Human Resource Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Upper Cumberland Human Resource Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upper Cumberland Human Resource Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Craine, Thompson & Jones P.C.

Morristown, Tennessee

November 11, 2011

Upper Cumberland Human Resource Agency, Inc.
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2011

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	None identified
Significant deficiencies identified not considered to be material weaknesses?	None identified
Noncompliance material to financial statements noted?	no

Federal Awards

Internal control over major programs:	
Significant deficiencies identified?	no
Significant deficiencies identified not considered to be material weaknesses?	None identified
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510la	no

Identification of Major Programs
CFDA Number

Name of Federal Program or Cluster

10.558	Child and Adult Care Food Program
10.569	Emergency Food Assistance Program
17.235	Senior Community Service Employment Program
17.258	WIA – Title I Adult
17.259	WIA – Title I Youth
17.260	WIA – Title I Displaced Workers
20.509	Public Transportation
93.045	Special Programs for the Aging
93.558	Families First
93.568	Low Income Home Energy Assistance Program
93.569	Community Services Block Grant
93.658	Residential

**Upper Cumberland Human Resource Agency
Schedule of Auditor's findings and Questioned Costs
Year Ended June 30, 2011**

Dollar threshold used to distinguish between Type A and Type B programs	\$749,985
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Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings:

No matters were reported

Section III – Federal Award Findings and Questioned Costs:

No matters were reported

UPPER CUMBERLAND HUMAN RESOURCE AGENCY

Ruth Ann Woolbright, Executive Director

2010 – 2011 BOARD OF DIRECTORS

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Michael Nesbitt, Smith County – Chairman Dale Reagan, Clay County – Vice Chairman
Shelvy Linville, Macon County – Secretary Curtis Hayes, Overton County – Treasurer

Executive Committee Members

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Dale Reagan, Clay County	Mayor Willie Kerr, Celina
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Frank Smith, Fentress County	Mayor Phillip Gernt, Allardt
John Cason, Jackson County	Mayor John R. Fox, Gainesboro
Shelvy Linville, Macon County	Mayor James Y. Carter, Lafayette
Ron Cyrus, Overton County	Mayor Curtis Hayes, Livingston
Johnie Neal, Pickett County	Mayor Chris Thompson, Byrdstown
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Herbert P. Davis, Van Buren County	Mayor Greg Wilson, Spencer
John Pelham, Warren County	Mayor Norman Rone, McMinnville
Herd Sullivan, White County	Marvin Lusk, McMinnville
State Representative Charles Curtiss, Sparta	Mayor Jeff Young, Sparta
State Senator Charlotte Burks, Monterey	

Other Members of the Board of Directors

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Kim Smithson
Erin Nichols

Jackson County

Pat Forkum

Smith County

Mayor Sabra Hodge
Mayor Milton Gibbs
Emma Ruth Robinson

Clay County

Jane Miller
Tonya Spears

Macon County

Mayor Bobby Etheridge
Billy Snyder

Van Buren County

VACANT

Cumberland County

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Mayor Alfred Dwenger
Mike Phillips

Overton County

Ray Ringley

Warren County

Mayor J. W. Underhill
Mayor Kevin Lawrence
Mayor Sue Anderson
Bobby Redmon

DeKalb County

Mayor Taft Hendrixson
Mayor Maria Baker
Mayor Gerald Bailliff
Eddie Sutton

Pickett County

Else Richardson

White County

Mayor Ray Spivey
Alice Simpson

Fentress County

Mayor Gwenith Duncan
Pam Wright

Putnam County

Mayor Jeff Wilhite
Mayor Terry Foutch
Mayor Jeff Hicks
Ruth Ann Woolbright (Recuse)